



**CHUAN HUP
HOLDINGS
LIMITED**



Sustainability Report 2018

BUILDING STRONG FUNDAMENTALS



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STATEMENT FROM OUR BOARD

Dear Stakeholders,

At Chuan Hup Holdings Limited (“Chuan Hup” or the “Company”), we recognise the increasing importance of implementing sustainable business practices even as our business grows. As an expression of our firm belief, the Chuan Hup Board and Management are pleased to present our inaugural Sustainability Report for the financial year ended 30 June 2018 (“FY2018”). The Board and Management have identified the key material Environmental, Social and Governance (ESG) factors of Chuan Hup as listed on page 2 and will continue to review these matters regularly. The Board considers sustainability issues as part of the Company’s overall strategy formulation. It oversees the management and monitoring of these ESG factors and takes them into consideration in the determination of the Company’s strategic direction and policies.

The sustainability disclosures in this report complement our financial and corporate governance disclosures in our Annual Report to provide a holistic view of our Company’s financial and nonfinancial performance. As part of our ongoing efforts to deliver long-term value to our business partners, shareholders and customers, we will continue to communicate our commitment to sustainability and work together with all of you on this journey.



ABOUT THE REPORT

This is Chuan Hup’s first Sustainability Report, prepared in accordance with the Global Reporting Initiative (GRI) Standards 2016 – “Core” reporting requirements. This report details our approach in managing material sustainability matters identified as part of the Group’s operations for the period of 1 July 2017 to 30 June 2018 (“FY2018”) on an annual reporting cycle. Where applicable, one year of historical performance data has been included for comparative purposes.

The scope of this report covers the sustainability performance of Chuan Hup’s investment holding business, and performance relating to issues from Chuan Hup’s own operations. As Chuan Hup itself is not an operating company, the report does not consider issues which may be relevant for investee companies at their local operations or subsidiaries.

While we have not sought external assurance for this report, we will work towards doing so as our reporting matures over time. We welcome feedback from all stakeholders on our Sustainability Report. For any queries or comments on this report, please contact corpsec_legal@chuanhup.com.sg.



ABOUT CHUAN HUP

Founded in 1970, Chuan Hup has grown into an investment company from its origins as a tug and barge service provider to PSA Corporation in Singapore. Today, it manages a diversified portfolio of strategic investments, including property sectors. Chuan Hup’s property investment portfolio spans across the region, with development projects in the Philippines, Malaysia, Thailand and Australia. Our principal activities are that of investment holding, investment trading and provision of management services.

In FY2018, Chuan Hup has a substantial shareholding of 76.7% in PCI Limited (“PCI”), which is in the business of providing electronics manufacturing services. Subsequent to the end of FY2018, Chuan Hup has disposed of all of its shares in PCI to Pagani Holding III Limited (“Pagani”) in connection with the acquisition by Pagani of all the issued shares in PCI which was effected by way of a scheme of arrangement (“Scheme”), following the Scheme becoming effective and binding in accordance with its terms on 29 April 2019.

The Group is also a substantial shareholder of Finbar Group Limited (“Finbar”), a leading Australian property developer listed on the Australian Stock Exchange since 1995 and Pacific Star Development Limited, a property developer listed on the Singapore Exchange Securities Trading Limited.



SUSTAINABILITY APPROACH AT CHUAN HUP

Recognising the importance of corporate sustainability and the value of safeguarding the interests of our stakeholders, Chuan Hup seeks to conduct its business in a responsible manner. The Board of Directors is directly responsible for identifying and managing sustainability and its impact. Feedback is sought from the Annual General Meetings and Extraordinary General Meetings to support the Board. Our Enterprise Risk Management Framework helps the Board identify sustainability-related risk areas and opportunities, which is reviewed annually.

MATERIALITY ASSESSMENT

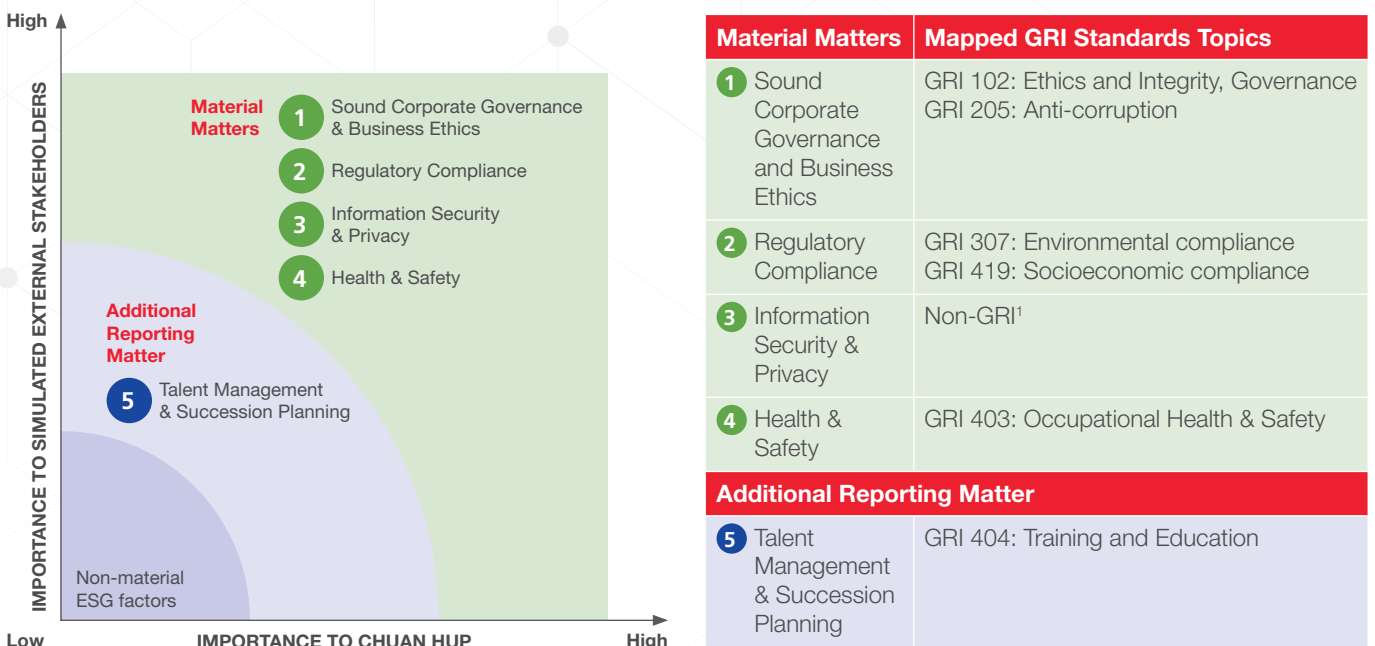
To identify issues that impact our mission and external stakeholders the most, we conducted our first materiality assessment in May 2018. Figure 1 provides a brief summary of our materiality assessment process.

Figure 1. Steps in our Materiality Assessment



Through the process, we have identified the top 4 most significant sustainability matters and an additional matter for this first sustainability report. This is presented in Figure 2 below, with the issues in no particular order.





Figure 2. Chuan Hup's Materiality Matrix



¹ GRI 418: Customer Privacy is not applicable to Chuan Hup as we do not have any business relationships with customers.

STAKEHOLDER ENGAGEMENT

Through a concerted effort in engaging our stakeholders, we are better able to understand their core concerns. This allows us to address their needs in the best way possible. The table below summarises our approach to meeting our stakeholders' expectations.

| Stakeholder Group | Key Concerns | Our Approach | Engagement Platform | Frequency of engagement |
|---|---|---|--|----------------------------------|
| Shareholders  | <ul style="list-style-type: none"> Stable, long-term growth and sustainable returns Timely disclosures | <ul style="list-style-type: none"> Ensure oversight and accountability by an experienced and competent Board and Management team Adopt a disciplined and measured approach towards business risks and opportunities Ensure robust risk management | <ul style="list-style-type: none"> Release of financial results and announcement of other relevant disclosures through SGXNET Annual reports Website | Quarterly release through SGXNET |
| Employees  | <ul style="list-style-type: none"> Career development Competitive wages and benefits Work-life balance Workplace well-being | <ul style="list-style-type: none"> Provide opportunities for training and development Ensure fair human resource policies Ensure transparent and objective performance appraisals and performance-based rewards and recognition Allow flexible work | <ul style="list-style-type: none"> Training and development programme HR policies and procedures Performance review Team-bonding and recreational activities Feedback channels Online employee portal with collaborative and social features | Regularly |
| Government  | Compliance with laws and regulations | Complying with applicable laws and regulations, conducting regular internal and external audits | <ul style="list-style-type: none"> Annual reports Audit reports Consultations with regulatory bodies | Regularly |
| Local Communities  | Good corporate citizenship | Giving back to society through programmes and activities focused on youth and education and supporting charitable causes | <ul style="list-style-type: none"> Donations Participating and supporting fundraising events Sponsorship of co-curricular activities Academic and non-academic awards | Regularly |

COMMUNITY INVOLVEMENT

As a responsible corporate citizen, we recognise our duty towards improving the lives of the less fortunate. To that end, we strongly believe in supporting educational initiatives. We believe that all students should receive a holistic education, regardless of their social background. As such, we have sponsored co-curricular activities and leadership programmes aimed at enhancing the skills, resilience, teamwork, sportsmanship and commitment of the student participants. In addition, we have supported a primary school through the introduction of two awards – the Chuan Hup Holdings Milestone Award and Chuan Hup Holdings Holistic Award – which recognise students who have achieved excellence in academic as well as non-academic performance.

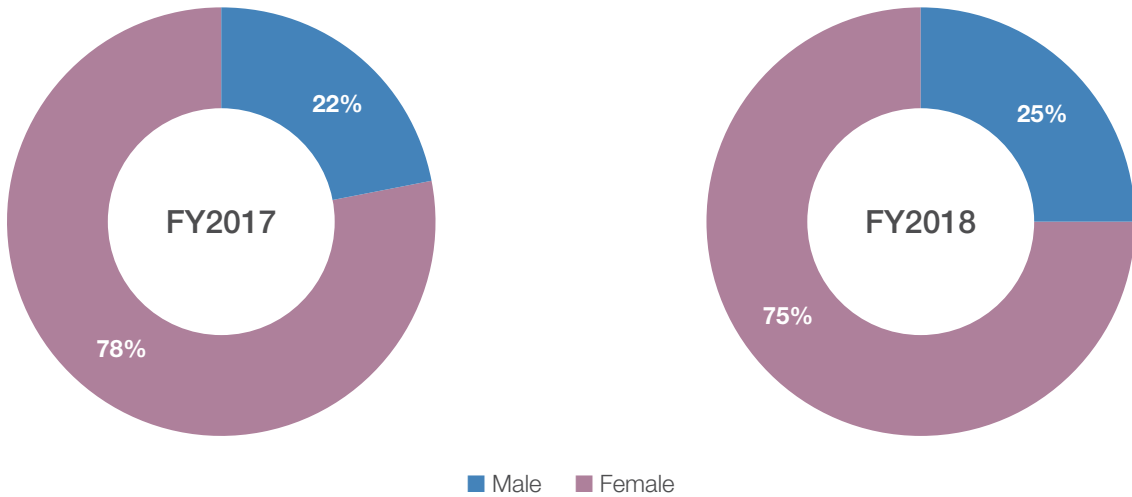
We have also continued our financial support of the Singapore Cancer Foundation. These funds have been directed towards vital programmes, including in public education and research, financial assistance schemes, welfare services, as well as rehabilitation, cancer support groups and hospice care.

OUR PEOPLE

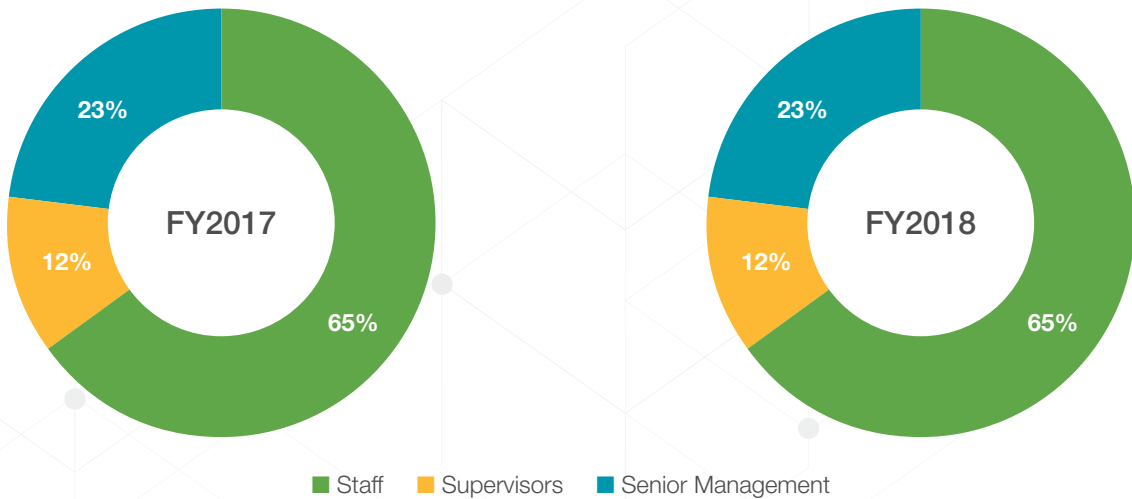
Although few in numbers, every member of the Chuan Hup family plays an essential part in the success of our business. As an organisation, we are committed to providing an inclusive environment under which our members would be allowed to flourish. In FY2018, our workforce consisted of a total of 18 employees, of which majority were employed under a permanent contract and only one employee working on a part-time basis. Figure 3 provides a more in-depth look at the demographics of our workforce.

Figure 3. Breakdown of employment data by gender and employment category for FY2017 and FY2018

Employee Data by Gender



Employee Data by Category



GOVERNANCE

OUR VALUES

As a company, we are committed to upholding and maintaining the highest standards of integrity and ethics in all of our business dealings at all times, as we firmly believe that doing so is imperative to the long-term sustainability of the Company’s development and performance while ensuring that the interests of our stakeholders are safeguarded. We strive to deliver long-term growth and sustainable returns for our stakeholders through discipline, prudence and resilience. Our commitment to the well-being and nurturing of our people extends to our community and the environment.

For a detailed report on our corporate governance practices, please refer to our Annual Report 2018, with specific reference to the principles of the Code of Corporate Governance 2012.

SOUND CORPORATE GOVERNANCE AND BUSINESS ETHICS

Chuan Hup has multiple policies in place to ensure sound corporate governance and business ethics are practised throughout our business operations. The **Policy on Work Ethics** serves to ensure that employees and persons acting on behalf of the Company adhere to a high standard of personal conduct at all times, refraining from engaging in any activity that would be deemed to be a conflict with any of the Group's businesses. Procedures to address and resolve grievances are also made available at the organisation level, where employees can raise concerns to their immediate supervisors, HR department or the Management.



The Company has also implemented a **whistleblowing policy**, which serves to encourage and provide a channel for employees and any other persons to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The objectives for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. A whistleblower (employees or members of the public) may report concerns directly to the Chairman of the Audit Committee.

Chuan Hup's **Internal Code on Dealings in Securities** sets out the implications of insider trading, providing guidance and internal regulation on dealings in the Company's securities by its Directors and employees.

Internal and external audits are conducted regularly by external firms, to review company policies and practices. The Management also obtains feedback from all stakeholders during Annual General Meetings and Extraordinary General Meetings to enhance and improve the Company's business operations.

Chuan Hup's Board of Directors is directly responsible for the implementation and management of these practices.

These policies are communicated to all our staff and we are proud to announce that we have achieved all the targets set out for FY2018:

| | |
|---|--|
| <p>Zero reported incidents of corruption and fraud, yearly</p> |  Achieved |
| <p>Zero non-compliance with laws and/or regulations resulting in significant fines, yearly</p> |  Achieved |

REGULATORY COMPLIANCE

Full compliance with all relevant laws and regulations is the fundamental basis of our promise as a business with the highest standards of ethics and integrity. We actively strive to ensure adherence to all laws and regulations in Singapore and are pleased to report that there were no reported cases of non-compliance with laws and regulations in both the environmental and socioeconomic areas in FY2018, which we will continue to uphold.



INFORMATION SECURITY & PRIVACY

Chuan Hup acknowledges that information systems downtime and any breach in company security systems may potentially have an adverse impact on the accuracy, integrity and completeness of data and information provided to our business partners and stakeholders. As such, we have multiple policies and mitigation practices to prevent and circumvent such problems should they arise.

We have implemented next-generation firewalls and signatures to protect our staff's web access, further ensuring that our systems are always installed with up-to-date anti-malware software. Staff are also obliged to report any security related threats and incidents to the appropriate department, allowing the action to be taken efficiently.

The aforementioned Work Ethics policy also requires all employees to uphold the highest standards of business conduct with regards to personal data protection. All staff members are to observe the regulations and obligations mandated under the Personal Data Protection Act (PDPA). Additionally, under the House Rules policy, the Company has IT User Guidelines in which data and information handling processes are explained in detail.

In the event of an attack, network system vulnerabilities are mitigated in a timely manner. Comprehensive policies and procedures will then be put in place to ensure that similar attacks do not occur. All staff will also be educated on social engineering attacks and potential security loopholes further improving our performance.

Chuan Hup has a high level of commitment towards ensuring that there are zero breaches of our security systems or days of a cyber-attack. We are proud to have achieved these targets set out for FY2018 and will continue to strive for such results in the future.

HEALTH & SAFETY

Workplace health and safety is one of our top priorities, and Chuan Hup recognises that every single employee has the right to work in a safe and healthy environment. Our House Rule mandates that safety regulations and practices must be observed by every employee at all times and applies to all employees.

It is also compulsory for all our staff to attend the yearly fire drill exercise, which would equip them with the relevant knowledge to act accordingly in times of emergencies. Additionally, in the aftermath of any event, Hazard Reporting and Investigations will be conducted by the HR department to prevent any reoccurrence. The results of the investigations will also be used to promote even higher standards of workplace safety and further strengthen the safety culture amongst employees.

Our policies are geared towards upholding and promoting the best practices, ensuring that our target for zero incidents of injuries is met.

In FY2017 and FY2018, there were no reports of work-related fatalities, injuries² or occupational diseases³. We hope to continue this excellent record in the years to come.

The total absentee rate⁴ in FY2018 is as follows:

| Absentee Rate | Male | | Female | | Total | |
|---------------|--------|--------|--------|--------|--------|--------|
| | FY2017 | FY2018 | FY2017 | FY2018 | FY2017 | FY2018 |
| | 0 | 0.19 | 2.18 | 3.08 | 1.74 | 2.44 |

TALENT MANAGEMENT & SUCCESSION PLANNING

Developing Chuan Hup's human capital is imperative to the success of our business. We champion and support the personal and professional growth of all our employees, encouraging them to take up relevant courses that would broaden their knowledge and allow them to contribute to a skilled workforce as well as the Company's growth. As such, an integrated approach towards talent management and succession planning is adopted in alignment with the Group's overall goals.

The **Learning & Development Policy** ensures that the skills and competencies of our present employees can be upgraded and enhanced through internal training courses and external training courses such as IT or job-related training. These trainings are reviewed and feedback is sought annually to ensure that they meet the needs of our staff members.

Funding is also provided for employees who wish to pursue academic and professional development programmes. We place heavy emphasis on developing the soft skills and functional skills of our employees. As such, we also encourage our employees to engage in different forms of self-development which may be completely unrelated to their jobs. We encourage our employees to take ownership of their learning, which would ensure that the trainings provided are effective and practical.

In the years ahead, we will continue to support our employees to engage in e-learning courses.

To identify training gaps, we conduct performance reviews for all our employees. These reviews may include performance or career development evaluations and are in place to ensure the continued career success for our employees.



GRI CONTENT INDEX

| GRI Standards Disclosures | | Reference Page(s) or Reasons for Omission |
|-------------------------------|--|---|
| General Disclosures | | |
| Organizational Profile | | |
| 102-1 | Name of the organization | Chuan Hup Holdings Limited |
| 102-2 | Activities, brands, products, and services | About Chuan Hup: page 1 |
| 102-3 | Location of headquarters | Annual Report 2018: page 22 |
| 102-4 | Location of operations | Annual Report 2018: page 22 |
| 102-5 | Ownership and legal form | Annual Report 2018: pages 113 – 114 |
| 102-6 | Markets served | Annual Report 2018: pages 8 – 13 |
| 102-7 | Scale of the organization | About Chuan Hup: page 1 |
| 102-8 | Information on employees and other workers | Our People: page 4 |
| 102-9 | Supply chain | NA as Chuan Hup does not engage any suppliers |
| 102-10 | Significant changes to the organization and its supply chain | None |

² Injury Rate as defined by the Ministry of Manpower (MOM) is calculated as the total number of fatal and non-fatal workplace injuries per 100,000 employees during the reference period.

³ Occupational Disease Rate as defined by the International Labour Organization (ILO) is calculated as the number of new cases of occupational disease relative to the total number of hours worked by workers per 100,000 employees during the reference period.

⁴ Absentee Rate as defined by GRI standards is the total days of absence relative to the total days scheduled to be worked by employees during the reference period, expressed as a percentage.

| GRI Standards Disclosures | | Reference Page(s) or Reasons for Omission |
|---|---|--|
| General Disclosures | | |
| Organizational Profile | | |
| 102-11 | Precautionary principle or approach | Chuan Hup does not specifically address the principles of the precautionary approach. |
| 102-12 | External initiatives | None |
| 102-13 | Membership of associations | None |
| Strategy | | |
| 102-14 | Statement from senior decision-maker | Statement from Our Board: page 1 |
| Ethic and Integrity | | |
| 102-16 | Values, principles, standards, and norms of behavior | Annual Report 2018: pages 25 – 37 |
| Governance | | |
| 102-18 | Governance structure | Chuan Hup's Board and Senior Management maintain oversight for sustainability matters. |
| Stakeholder Engagement | | |
| 102-40 | List of stakeholder groups | Stakeholder Engagement: page 3 |
| 102-41 | Collective bargaining agreements | No collective bargaining agreements are in place. |
| 102-42 | Identifying and selecting stakeholders | Stakeholder Engagement: page 3 |
| 102-43 | Approach to stakeholder engagement | Stakeholder Engagement: page 3 |
| 102-44 | Key topics and concerns raised | Stakeholder Engagement: page 3 |
| Reporting Practice | | |
| 102-45 | Entities included in the consolidated financial statements | Annual Report 2018: pages 83 – 86 |
| 102-46 | Defining report content and topic Boundaries | About the Report: page 1 |
| 102-47 | List of material topics | Materiality Assessment: page 2 |
| 102-48 | Restatement of information | NA as this is the first year of reporting. |
| 102-49 | Changes in reporting | NA as this is the first year of reporting. |
| 102-50 | Reporting period | 1 July 2017 – 30 June 2018 |
| 102-51 | Date of most recent report | NA as this is the first year of reporting. |
| 102-52 | Reporting cycle | Annual |
| 102-53 | Contact point for questions regarding the report | About the Report: page 1 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About the Report: page 1 |
| 102-55 | GRI content index | GRI Content Index: page 6 |
| 102-56 | External assurance | About the Report: page 1 |
| Topic-specific Disclosures | | |
| Sound Corporate Governance and Business Ethics | | |
| 103-1 | Explanation of the material topic and its boundary | Sound Corporate Governance and Business Ethics: page 5 |
| 103-2 | The management approach and its components | Sound Corporate Governance and Business Ethics: page 5 |
| 103-3 | Evaluation of the management approach | Sound Corporate Governance and Business Ethics: page 5 |
| 205-2 | Communication and training about anti-corruption policies and procedures | Sound Corporate Governance and Business Ethics: page 5 |
| 205-3 | Confirmed incidents of corruption and actions taken | Sound Corporate Governance and Business Ethics: page 5 |
| Regulatory Compliance | | |
| 103-1 | Explanation of the material topic and its boundary | Regulatory Compliance: page 5 |
| 103-2 | The management approach and its components | Regulatory Compliance: page 5 |
| 103-3 | Evaluation of the management approach | Regulatory Compliance: page 5 |
| 307-1 | Non-compliance with environmental laws and regulations | Regulatory Compliance: page 5 |
| 419-1 | Non-compliance with laws and regulations in the social and economic area | Regulatory Compliance: page 5 |
| Information Security & Privacy | | |
| 103-1 | Explanation of the material topic and its boundary | Information Security & Privacy: page 5 |
| 103-2 | The management approach and its components | Information Security & Privacy: page 5 |
| 103-3 | Evaluation of the management approach | Information Security & Privacy: page 5 |
| Health & Safety | | |
| 103-1 | Explanation of the material topic and its boundary | Health & Safety: page 6 |
| 103-2 | The management approach and its components | Health & Safety: page 6 |
| 103-3 | Evaluation of the management approach | Health & Safety: page 6 |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Health & Safety: page 6 |
| Talent Management and Succession Planning | | |
| 103-1 | Explanation of the material topic and its boundary | Talent Management & Succession Planning: page 6 |
| 103-2 | The management approach and its components | Talent Management & Succession Planning: page 6 |
| 103-3 | Evaluation of the management approach | Talent Management & Succession Planning: page 6 |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Talent Management & Succession Planning: page 6 |



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